

THE ROLE OF ECONOMIC GROWTH AND TAX RATE IN EFFORTS TO MEET HAPPINESS

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Abstract: This study aimed to determine how the role of economic growth and taxes in influencing the level of community happiness. The level of happiness in this study was revealed from the economic and social aspects. On the economic aspect, the level of happiness was measured by using the income per capita received by the community and the level of existing infrastructure. On the social aspect, the level of happiness was measured by the open unemployment rate, health, education and number of marriages. The data used in this study were secondary data obtained from BPS in 2009 - 2020. In this study, the level of inequality was used as an intervening variable that bridges the relationship between economic growth and taxes on community happiness. The analytical tool used in this research was PLS. The results of this study found that tax revenue has a positive effect on the level of happiness. This is because although tax revenue is used as a source of debt financing, the government is currently trying to improve the quality of basic public welfare services such as health, education, infrastructure, increasing the availability of jobs and government support in encouraging the creation of new entrepreneurs. So, by using income from taxes to finance the real sector and improving the quality of community lives, people feel happier and more satisfied.

Keywords: GDP, Taxes, Gini Ratio, Happiness